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STATINTL

# REAGAN ADMINISTRATION BACKS OFF PROPOSAL FOR CIA DOMESTIC SPYING

## BY MICHAEL J. SNIFFEN

ASSOCIATED PRESS WRITER

WASHINGTON (AP) - The Reagan administration is considering an order to expand the power of U.S. intelligence agencies but has backed off an earlier proposal to put the CIA heavily into domestic spying.

Administration agencies and congressmen have been asked for comment on a new draft of a presidential order governing conduct of the intelligence agencies. If approved by President Reagan, the order would replace one signed in January 1978, by President Carter which established the current rules under which the CIA, FBI, National Security Agency, Defense Intelligence Agency and other intelligence groups operate.

As Reagan promised during his campaign, the new draft would remove some of the restrictions Carter imposed. But it sharply reduces the domestic role envisioned for the CIA in an earlier draft which leaked in late March.

The Associated Press obtained major portions of the new draft Thursday night. CIA spokesman Dale Peterson confirmed Thursday that a new draft is being reviewed, but declined to discuss specifics of it.

The March draft would have allowed the CIA to use break-ins, physical surveillance and infiltration to obtain information from U.S. residents and corporations even if they were not suspected of crimes or of being foreign agents.

It also would have allowed the CIA to try to secretly alter the activities of some domestic groups with foreign ties. And the chiefs of various intelligence agencies rather than the attorney general would have been empowered to approve such tactics.

In contrast, the new draft keeps many Carter administration safeguards against abuses of civil liberties of the kind that a Senate committee said the CIA engaged in during the 1960s and 1970s.

The first draft prompted Deputy CIA Director Bobby R. Inman to tell a reporter: "I'm doing my damndest to keep this train from running off into one where we do end up with a series of repugnant changes for which I would not stay in this administration." Inman told a news conference in March that the CIA was interested only in expanding its ability to combat terrorism.

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# New Intelligence Plan Reportedly Splits Key Aides

By George Lardner Jr.  
Washington Post Staff Writer

High-ranking CIA officials have encountered stiff resistance from the National Security Council staff about the shape of a proposed new executive order to govern the intelligence community.

The order is in its third draft and, according to informed sources, would restore some protections for civil liberties that were dropped in an initial version leaked in March.

The backstage debate apparently pits CIA Director William J. Casey and his top deputy, Adm. Bobby Ray Inman, against national security affairs adviser Richard V. Allen and his NSC staff.

The dimensions of the debate are not entirely clear, but sources said it involves both the content and the form of the new rules to be submitted to President Reagan for approval.

The NSC staff reportedly wants to abandon more of the restrictions on domestic spying imposed by the Carter administration than Inman and Casey have proposed on behalf of the intelligence community. The current draft is known as "the Casey-Inman version," but as one source put it, "it is probably more Inman than Casey."

In addition, Allen and his aides reportedly feel that it would be better to write an entirely new order rather than rewrite and edit the Carter decree.

"Remember the history," one source said. "The first executive order [for the intelligence community] came out under President Ford. The next one [in 1978] was Carter's, but it was really a cut-and-paste job from the Ford order."

As a result, another source said, the NSC staff is already "working on a totally different approach" while the intelligence community staff directed by Inman and Casey is considering still more revisions in its current draft.

"If you're thinking of buying stock in either side, don't do it yet," one source said. Asked when an executive order would likely be ready for submission to Reagan, he added:

"Either it's going to come very soon or very late. Either some people are going to be told what to do, or they're going to enter a very long process of negotiations."

Allen could not be reached for comment, but many of his views on the structure of the intelligence community are already on record by virtue of his chairmanship in 1979 of the Republican National Committee's Advisory Council on National Security.

The council urged, among other things, upgrading the Defense Intelligence Agency as a "new source of alternative analysis" and assigning to the president "his own chief adviser for intelligence matters" who would communicate the president's priorities to the intelligence community. The CIA director does that now in his dual role as director of central intelligence (DCI).

Inman made plain in March that he intended to do all he could to temper the initial proposal and limit the scope of changes it suggested. It would, for example, have given the CIA the power to conduct covert operations in the United States and allow it to use intrusive techniques now barred to it in this country.

Seeking to counter the furor accompanying the leak of the first proposal, Inman assured the Senate Intelligence Committee that "the job of the CIA is abroad" and stated publicly that he was doing his best to head off "a series of repugnant changes" that had neither his nor Casey's approval.

# Advances in Cryptography of Computer Privacy

## National Security Agency Holds Universities Should Not Publish Research on Unbreakable Codes

By EVANS WITT, Associated Press

WASHINGTON—Working quietly, a university researcher develops a brilliant abstract theory that might result in a virtually unbreakable computer code.

Such a code would mean vastly improved protection of privacy for millions of Americans whose records are stored in computers and whose everyday transactions are handled by computer.

But an American intelligence agency steps in, arguing that publication of the theory could threaten national security.

Should the government prevent publication? Does it have the right?

These are not hypothetical questions. They are the crux of a growing conflict between the super-secret National Security Agency and academic researchers invoking freedom of research and the First Amendment.

The implications are vast. There may not be a "supercode" yet, but researchers are working on theories that could lead to such protection of information stored in computers and the messages transmitted from computer to computer.

This conflict has already produced an unusual result: agreement by a group of researchers to a system of voluntary censorship of their research in an esoteric field called cryptography, the study of codes and code breaking.

The researchers have agreed to give the National Security Agency a peek at research papers in cryptography before they are published, with the agency reserving the right to ask for censorship of the papers.

The deal has sent shivers through the academic community.

"It smacks of prior restraint," says Philip Handler, outgoing president of the National Academy of Sciences.

### Voluntary System

The system is voluntary, based on self-restraint, but some worry that it is a step toward broader government control over research.

"You start out with submission of the papers voluntarily," says Steven Unger, professor of computer science at Columbia University. "Then you'll be required to submit them and the third step is you're required to do what they say. At that point, you've got pre-publication censorship. It's a disaster."

But officials of the intelligence community—when they will say anything for the record—are equally emphatic in arguing that research in this area could hurt national security.

"There is a very real and critical danger that unrestrained public discussion of cryptologic matters will seriously damage the ability of this government to conduct signals intelligence and the ability of this government to carry out its mission of protecting national security information from hostile exploitation," said Adm. B. R. Inman, then director of the National Security Agency, in an unprecedented public speech in March, 1979.

This dispute has been going on ever since. For the NSA, it goes to the heart of its function. Its job is to protect U.S. government communications from eavesdroppers—while trying to eavesdrop on other governments.

The debate over non-governmental cryptography, now largely confined to the academic and intelligence communities, is likely to widen.

More and more personal information about Americans is being stored in computers. And much of it is being shuttled back and forth between computers through telephone lines, microwave links and satellite channels.

Bank accounts, money transfers, credit card charges, mental and physical health records—to mention a few—are now routinely stored in computers and are thus vulnerable to tampering, illegal disclosure and misuse.

### Key to Protection

Cryptography holds one key to protecting the data. By scrambling or "encoding" the information, the would-be eavesdropper is prevented from reading it.

"The public need is tremendous," says Michael Dertouzos, director of the Laboratory for Computer Science at the Massachusetts Institute of Technology. "A day will come when the interconnected (computer) systems will be a giant 'playground' where you can go and play. And if you're malevolent, you can do a lot of mischief."

George Davida, a professor at Georgia Institute of Technology, was the only member of the academic study group to vote against the voluntary censorship system. He argued it would hamstring efforts to develop codes to protect personal and financial information without significant benefit to national security.

He says the group that agreed to submission of papers, set up under the wing of the American Council on Education, was "not expert in data security and they have no grasp of the magnitude of the problem. We need an effort independent of government to protect privacy."

Says David Kahn, author of "The Codebreakers," a history of cryptography: "The advantage of having good codes is so great that you have to weigh it against the small potential for harm."

This fight over public cryptography is the latest in a series of clashes between the NSA and researchers over the past four years. On several occasions, the NSA moved to prevent individual researchers or inventors from putting their cryptographic ideas to work in public. Davida was one researcher affected.

Meanwhile, private companies working in cryptography are trying to agree on similar limits on their commercial research.

And earlier this year, presidents of five major universities complained to the federal government

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## CIA deputy director confident of arms flow to Latin America

By ALLAN KATZ

The deputy director of the U.S. Central Intelligence Agency said here Thursday there is no proof of Cuban and Soviet supplies of arms to rebel movements in Latin America, but he is "absolutely confident" that the flow of weapons to Communist-backed groups is going on.

Admiral Bobby R. Inman, second highest intelligence official in the U.S. and a personal choice of President Reagan for his current CIA post, told the 32nd Annual Armed Forces Day

luncheon of the Chamber of Commerce he believes the Cubans, with Soviet encouragement, have actively tried to engineer the overthrow of governments in Nicaragua, El Salvador, Guatemala, Costa Rica, Colombia and Venezuela.

Inman said the Soviet-supported efforts by Cuba in the Western Hemisphere are part of the backdrop in what he called "the dangerous decade" ahead for the U.S.

The 53-year-old admiral, one of 39 recipients of the nation's National Security Medal, told the group that during the '80s, the U.S. will find itself vulnerable to Soviet pressures and facing the need to rebuild its industrial base and recast its armed forces.

Inman said the most crucial factor for the U.S. will be one over which this country has no control — "the coming changes in the leadership of the Soviet Union as a new generation comes into power, taking over for the old Bolsheviks who have had charge since the end of World War II. The new generation of Soviet leaders will find themselves in possession of more power than any Russian has ever had. Ultimately, their decision on how to use that power will be based on their judgment of the will of the United States."

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## Is Casey right man to lead the CIA?

William J. Casey, the New York lawyer named by President Reagan to head the Central Intelligence Agency, seems to have some right ideas for injecting new spirit and effectiveness into the agency.

Casey believes that the CIA must be freed from its "institutional self-doubt," left in the wake of its blunders both at home and overseas, which made it the target of public indignation and congressional investigations. Such self-doubt is bound to impair the effectiveness of the agency.

Furthermore, Casey believes that the CIA should be freed of the restrictions on its clandestine operations overseas. Short of some extreme action, such as the alleged attempt in the 1960s to assassinate Fidel Castro, which could further embarrass this country and the CIA, we agree with Casey's thinking that, "there is a point at which rigid accountability, detailed accountability, can impair performance."

Yet, in reading Tad Szulc's article, "Can the CIA Win the Spy War," in Sunday's *Family Weekly*, carried in the Tribune, one is left with the impression that President Reagan may have appointed the wrong man to head the intelligence agency.

The author of 14 books on foreign policy says Admiral Stansfield Turner failed to provide the CIA with the inspiration it needed to overcome its controversial domestic and foreign operations. And, says Szulc, "Up until now Casey does not seem to have imposed himself as a leader either." He raises the question whether Casey possesses the professional experience in intelligence to give the CIA the leadership it needs, having served only with the CIA's forerunner, the Office of Strategic Services, for three years during World War II, but never in the CIA itself.

Indicating that much still needs to be done to iron out difficulties in U.S. intelligence operations, Szulc points to the recent controversy, in which the CIA reported there was insufficient evidence to support the belief that the Soviet Union. The military intelligence agencies disagreed, whereupon Casey ordered his men to rethink their assessment.

That order, says Szulc, seemed to contradict Casey's promise to the Senate that he would submit the intelligence community's views to the President "without subjective bias and in a manner that reflects strongly held differences within the intelligence community."

However, the belief among many CIA officers that Casey was being forced by the White House to "politicize" the intelligence product to meet the desires of policy-makers is disturbing. As the writer says, such practice could be "catastrophic for the national interest."

After being chastized for its efforts to carry on spying against American citizens, one would think that the CIA would have completely abandoned any further thought of domestic surveillance. But another storm of protest broke out recently when secret proposals apparently drafted by middle-level officials for resumption of domestic espionage were revealed. Though the previous domestic spying by the CIA was illegal and seemingly contrary to the guidelines Reagan will issue for intelligence operations, Casey was completely silent on the proposals.

One gets the impression from the Szulc article that a more effective leader for the CIA would have been Casey's deputy, Vice Admiral Bobby Ray Inman, who immediately announced that the CIA had no plans to resume domestic spying and that he would resign if overruled. Szulc says Inman did not want the job as deputy in the first place, possibly fearing an over-politicization of the intelligence community.

Szulc writes very highly about Inman, who spent the last four years as director of the National Security Agency, the top-secret institution in charge of technical intelligence and who, says Szulc, "enjoys unqualified respect among his peers in both the military and the Congress."

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# Can the CIA Win Spy War?

*"We are in possibly the most menacing period since World War II who believes that the answer to the Soviet challenge lies in how intelligent is our intelligence?"*

By Tad Szulc

—In Saudi Arabia, radical plotters are conspiring to overthrow the rulers of the oil kingdom in an ominous replay of the Iranian revolution.

—In strife-ridden Central America, Cuban operatives are secretly delivering weapons to leftist rebels.

—In Western European capitals, Soviet diplomats are subtly seeking to encourage the new wave of neutralism.

—At their proving grounds in Central Asia, the Russians are flight-testing a new intercontinental ballistic missile (ICBM) with 10 nuclear warheads, a super-rocket designed to hit targets in the United States with deadly accuracy.

These are just a few of the crucial problems and dangers facing the United States at a time of rising tension with the Soviet Union and general international upheaval. We are in possibly the most menacing period since World War II.

For America to be able to deal effectively with threats of this kind, we need precise, detailed and timely knowledge of what is happening around the globe on a daily basis. In other words, the greatest self-defense requirement for the United States, as seen by the Reagan Administration, is a first-rate capability for gathering and interpreting intelligence — as well as

for influencing events in foreign countries through secret means and resources.

But according to the most experienced experts in Washington, United States Intelligence — the Central Intelligence Agency and its military sister agencies — has been falling short of superb performance, to say the least, in recent years. This is believed to be true of both "human" and technical intelligence, from cloak-and-dagger espionage to the spy-in-the-sky (satellite) surveillance of Soviet nuclear advances.

The rebuilding, streamlining and modernizing of American intelligence operations looms, therefore, as one of the highest priorities for the Reagan Administration and the new leadership team it fielded earlier this year. The decision to revive and step up covert activities abroad — ranging from clandestine arms aid to anti-Soviet fighters in Afghanistan to efforts at gaining decisive political influence in the petroleum-rich Persian Gulf — is part of the current upgrading plan. Much more must be done, however, to restore primacy to the United States in the elusive world of intelligence.

The immediate responsibility for improving American intelligence lies with William J. Casey, the 68-year-old New York lawyer who was named by President Reagan as Director of Central Intelligence after managing his election campaign. Under the law, Casey is head of the entire intelligence community (comprising the CIA; the Pentagon-run National Security

Agency; the Defense Intelligence Agency; the State Department's Bureau of Intelligence and

reference to the low morale pervading the Agency since the Congressional investigations of the mid 1970's and continuing through the tenure of Admiral Stansfield Turner as CIA Director during the Carter Administration. How well Casey will succeed remains a serious question mark in Washington. Though he has been touted as an "old hand" at intelligence, there are many doubts among intelligence professionals concerning his leadership qualities, including his limited experience in this field. Casey served for three wartime years as a London-based senior officer in the Office of Strategic Services, the CIA's forerunner, but did not join the CIA afterward. His only other direct exposure to intelligence was his service in 1976 on the Murphy Commission, which surveyed the work of the intelligence community. Casey's exposure

Tad Szulc has written 14 books on foreign policy. His first novel, *Diplomatic Immunity*, will be published by Simon & Schuster later this month.

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